

CHAPTER 4

INVESTING IN PEOPLE AND READINESS

Today's security environment, both at home and abroad, demands that the United States maintain the best trained and most highly prepared military force in the world. Recruiting, retaining, training, and providing for U.S. military personnel is one of the top priorities of the Department of Defense. The risk of not properly underwriting this priority—force management risk—is closely monitored by the Department's senior leadership. This risk is directly related to the nation's success in managing an all-volunteer military. Measuring force management risk will involve assessments of deployment frequency, equipment readiness, operational availability, the adequacy of infrastructure, recruiting and retention rates, and other areas.

Manpower and Personnel

No major enterprise could survive under the policies the Department currently applies to its personnel. Current rules encourage, and often force, members of the services to retire after twenty years in service, after the Department has spent millions of dollars on their training and while they are still at the peak of their talents and skills. Because the system is designed to produce generalists, officers are most often rotated out of assignments every 12 to 24 months, a process that gives them a flavor of all things, but expertise in few, if any. On the civilian side, the problem is that hardly any career path exists at all. These policies exact a toll in institutional memory, skill, and combat readiness. The Department urgently needs to employ the tools of modern business, including more flexible compensation packages, modern recruiting techniques, and better training.

People are the key to overall readiness. The Defense family has changed over the last several decades. U.S. military and civilian personnel are more senior, educated, and diverse. More military spouses work, and they are better educated than they were ten years ago. DoD's personnel policies and programs must address these changing demographics and the expectations of a 21st century military force. The Department must keep its side of the bargain by providing relevant programs and policies for the families who support members of the Armed Forces. To this end, DoD has embarked on

a new approach to managing its military (Active and Reserve Component) and civilian force.

The Department is developing a comprehensive human resource strategic plan that will recommend the best mix of policies, programs, and legislation to ensure that the right number of personnel have the requisite skills and abilities to execute assigned missions effectively and efficiently. It focuses on recruiting the right number and quality of people; developing, sustaining, and retaining the force; transitioning members from active service; and preserving programs that maintain long-term capability. It addresses issues such as no-term enlistments, longer tours, fewer moves, expanding promotion windows, adjusting retirement for longer service; expanding entry programs; and enabling a seamless flow between Active and Reserve Components. The goal is to ensure that DoD has modern personnel practices to meet the needs of a modern force. Intrinsic to the improvement of human resource management practices, particularly in recognition of the increasing diversity of the force, is a continuing unwavering commitment by senior DoD leadership to equal opportunity. Key elements of this plan are improvements in pay, recruiting and retention.

Pay. The first installment of this approach can be seen in the military pay raise enacted last year and the raise proposed in this year's budget. Through the work of the Ninth Quadrennial Review of Military Compensation the Department discovered the enlisted force is increasingly more college educated. Past practices that had based pay on comparisons of mid-grade non-commissioned officers with high school graduates are no longer valid. Similarly, pay for a mid-grade officer has fallen relative to earnings of college graduates since the mid-eighties. In the President's FY 2002 budget request, in addition to a base increase of 4.6 percent, an additional \$1 billion was targeted to raise pay for mid-grade officers and noncommissioned officers. This year, in addition to a base increase of 4.1 percent, additional dollars have once again been proposed to better align pay for this group with the compensation offered by the private sector.

These actions, combined with the implementation of the Thrift Savings Program, continued reductions in out-of-pocket housing expenses, initiation of Hardship Duty Pay to recognize service in arduous conditions, and

improvements in Career Sea Pay, are the foundation of a compensation strategy for a 21st century force.

Recruiting. Despite some of the lowest unemployment trends in the history of the All-Volunteer Force, all Active and Reserve components except the Air National Guard—met their numeric goals for recruitment and retention. The Army National Guard and Naval Reserve fell short of the high school diploma benchmarks, but all other components met the programmed quality objectives.

The Department's recruiting success came at a cost. To meet the challenges at all times, DoD has elevated its investment per recruit by about half during the past decade. Moreover, recruiter manning is at the highest level since the 1980s, offering more enlistment bonuses to more specialties than ever before. Future recruiting may be even more challenging, as a greater proportion of America's youth chooses college over military service. Also, fewer of today's "influencers"—the parents, coaches, and teachers who advise young people on future options—are likely to recommend the military as a career choice since fewer have served. The Department will address the need to inform America of the value and nobility of military service in future recruiting initiatives.

Retention. The Army, Navy, and Marine Corps achieved planned levels of aggregate enlisted retention. While the Air Force missed its retention goals by approximately 1,700 airmen, it met its initial reenlistment goal for the first time in three years and held steady on second term retention. Despite success in overall enlisted retention, shortages in several technical enlisted specialties persist. Officer retention challenges continued in FY 2001, particularly with regard to pilots and those holding technical and scientific skills that are in demand in the private sector. The Department expects the Critical Skills Retention Bonus Program, contained in the FY 2001 National Defense Authorization Act, to improve retention in targeted critical skills.

The Civilian Human Resource Strategy

The Department has developed a comprehensive civilian human resources strategic plan. This plan promotes focused, well-funded recruiting to hire

the best talent available; promotes and sustains an effective workforce that reflects the diversity of the American population; recommends investment in human capital; provides career planning and management systems and tools that support informed decision-making; focuses the human resources community on the needs of its customers; and promotes work-life balance.

In addition to demographic changes, twelve years of downsizing have resulted in skills and age imbalances in the civilian workforce. Sixty-six percent of the civilian workforce will be eligible to retire by 2006. The Department will have to compete with the private sector for quality replacements. Existing rules under which the civilian workforce is managed are inflexible—a stark contrast to the recruiting environment where technology is revolutionizing the workplace, and where work-life balance issues are becoming more important as retention factors. DoD is reexamining these rules and plans to use current demonstration program authorities and temporary flexibilities approved by the Office of Personnel Management to test and evaluate more flexible management processes. The Department will recommend changes to current laws based on the lessons learned from these temporary authorities.

DoD has expanded authority to pay for college degrees and repay student loans, proposed legislation for exchanges with industry, and launched a scholarship program for Information Technology professionals. The Department has also proposed legislative initiatives to modernize recruiting, improve compensation, and develop the workforce. The Defense Leadership and Management Program has been restructured to be more flexible, cost effective, and efficient in meeting short- and long-term requirements for capable leaders.

Leveraging Civilian Experience of Reserve Component Personnel

To ensure U.S. military superiority, the Department must maintain a technological edge. Professionals employed with firms developing technologies for America's future are significant assets while serving in their additional capacity as Reserve Component members. Attracting and retaining these professionals may require innovative approaches, such as partnering with industry. DoD is exploring ways to capitalize on this

specialized talent through the Reserve Components. The review will be completed by the end of May 2002.

A New Compact with Warfighters

The partnership between the American people and the military and their families is built on a tacit understanding that military families, as well as Service members, contribute enormously to the readiness and strength of America's Armed Forces. Unfortunately, past paradigms no longer address the needs of the modern military family. Thus, as the 2001 Quadrennial Defense Review stated, "...the Department must forge a new compact with its warfighters and those who support them." Responding to the Quadrennial Defense Review, the Department has developed a new compact.

To understand the full dimension of what is needed in this new compact, the Department undertook a review of quality of life programs. The results of this review have charted a course for the future of the Department's quality of life programs, which include:

- Providing a world-class health care system;
- Accelerating by three years—to 2007—the time allotted to meet the goal to eliminate all inadequate housing; and
- Emphasizing lifelong learning and the connectivity Service members need to succeed.

Because 60 percent of Service members have children, efforts also include a renewed commitment to support family programs. Programs will be refocused to address the dynamic needs of young families, particularly the large population of Reservists, and families living off base, and to address spousal desires for employment in a mobile lifestyle. In addition, efforts to provide affordable, high quality programs for child care and youth activities will continue, as will improvements in education for children, as well as access for home schooled children to facilities and programs. As the Secretary of Education has said: "*How can Department of Defense schools take diverse, highly mobile groups of students and do so well on national test scores? The answer is they set high standards, they demand accountability, and they encourage parental involvement.*" This year's

budget includes funding to modernize school facilities, provide better access to on-line learning opportunities, and broaden curricula at small high schools.

Because deployments will continue to be a way of life for the military family, connectivity is an important issue for Service members and families. State-of-the-art technology will provide members and families opportunities to connect with each other and with a wide array of quality of life support programs.

Together, these efforts will forge a new compact with warfighters and their families, recognizing the mutual roles contributed by each in sustaining a strong military community and culture. This compact will reflect changing demographics, the transformation of the military, and the patriotic work of the men and women who serve.

Readiness and Training

In addition to manpower and personnel issues, force management risk is shaped by factors influencing readiness and training. Because of the burdens of increasing operational tempo in the 1990s, the Department is changing its approach to readiness even as it must meet the demands of the war against terrorism. It is placing more emphasis on managing the amount of time service personnel spend away from home. At the same time, it will adopt new approaches to training the force to place priority on developing the kind of integrated, joint combat capabilities that have proven so effective in Afghanistan.

Readiness

Deployments are part of military life and could well increase as the war on terrorism unfolds; however, the Department is fully aware of the effects of excessive time away from home on the morale and quality of life. The DoD also understands that these factors ultimately affect the readiness of Service members.

As a result, the Department has implemented revised personnel tempo guidance to control explicitly the amount of time DoD personnel are

deployed away from their home stations or stationed outside the United States. The Services began collecting data under the revised personnel tempo system in FY 2001. This new system, and the data collected, is undergoing a validation and verification process by the Services, and the new system should be fully implemented by the end of FY 2002. The new system will standardize definitions and contribute to the Department's efforts to assess and mitigate force management risk.

Training the Force

The Department's strategic focus is shifting from attrition and maneuver warfare to asymmetric and effects-based warfare. While it is not possible to predict the exact nature of future military operations, it is possible to identify key elements of tomorrow's operational environment. That environment will be more joint, more network centric, more multinational, more interagency and intergovernmental. To build a force more agile in addressing future threats in such environments, the Department must look at fundamental changes to doctrine, organizations, training, materiel, leadership and education, policy, and facilities to better enable future joint forces.

The FY 2001 Quadrennial Defense Review highlighted military training as a key enabler for achieving the operational goals of DoD transformation. Training will be driven by an overarching "living" strategy that allows adjustments to the increasingly dynamic global security environment. Tomorrow's training must incorporate the full range of new technologies.

Future Joint Training. The Department must expand the scope of joint training. As the Department experienced with Operation Enduring Freedom, "joint" is not only the military interactions between the Armed Services, but it now also includes working more closely with other U.S. agencies and our multinational partners. In addition, given the requirements of homeland defense, intergovernmental organizations must now be part of the training team, too.

One of the principal goals of the future training strategy will be developing a Joint National Training Center that would support interoperability and joint tasks training. This will likely require modern, common

instrumentation to support both advanced live training concepts and create a Joint Battlespace Environment linking live training with simulators.

Modernizing Ranges. Modern weapons and sensors allow for longer-range engagements, but also require more operating space to adequately test and train with those improved capabilities. At the same time, opposition, aggressor, and adversary forces for training are becoming more diverse and expensive, which makes it more difficult to create relevant scenarios with live forces. In addition, aging instrumentation with its limited capabilities is hindering DoD efforts to establish adaptive challenging environments that allow us to test and train for multi-platform, network centric, joint warfare. The Department's Training Transformation Strategy and the follow-on Training Transformation Implementation Plan will develop options for dealing with each of these limitations in range capabilities.

Sustaining Ranges. Outside pressures—increasing urbanization around installations, reallocation of electronic spectrum to commercial sectors, and constraints on rangeland to support environmental legislation such as the Endangered Species Act—increasingly restrict space available for military training. Over the past decade, encroachment on DoD test and training ranges has become a significant impediment to essential training and testing. These pressures strain the Department's ability to conduct essential training and testing. Over the next decade, the effects of encroachment will only worsen unless appropriate action is taken.

The Sustainable Range initiative represents the Department's overarching response to the numerous forms of encroachment pressure. The effort to date has emphasized nine critical encroachment issue areas: (1) Endangered Species Act, (2) Unexploded Ordnance and Other Constituents, (3) Frequency Encroachment, (4) Maritime Sustainability, (5) National Airspace System, (6) Air Quality, (7) Airborne Noise, (8) Urban Growth, and (9) Outreach. Preliminary action plans have been developed for each of the nine issues. DoD has created an Integrated Product Team, led by the Office of the Under Secretary of Defense for Personnel and Readiness, to act as the DoD coordinating body for developing the strategy to preserve the military's ability to train.

Advanced Distributed Learning. The Department's Advanced Distributed Learning (ADL) initiative is a collaborative effort among government, industry and academia to establish a common framework for the interoperability of learning tools and content on a global scale. The goal is to ensure access to high-quality education, training, and job performance materials that can be tailored to individual needs.

Training commands have created ADL programs and are increasing investments in advanced learning technologies to improve ways to provide individual and collective education and training. The National Guard has an ADL program to extend education and training resources across the local, state, and federal communities and the Joint Staff has initiated Doctrine Networked Education and Training and the U.S. Joint Forces Command's Advanced Distributed Learning Network Service.

Health Issues

An essential element of the new compact is a high-quality, affordable, convenient Military Health System (MHS). The MHS attends to the needs of all military beneficiaries around the globe both in peacetime and wartime. The FY 2001 National Defense Authorization Act (NDAA) introduced sweeping changes in the military medical benefit program—expanding eligibility for TRICARE coverage and improving access to care. While this expanded coverage has broad support, an increased percentage of the Department of Defense budget expenditures is required for health care. The long-term ability of the Department to stabilize these costs will depend on new approaches to providing care within the Department, other federal agencies, and the private sector. To address the costs of TRICARE for Life, Congress provided the Department with an accrual trust fund for the health cost related to military retirees and their family members age 65 and over.

Force Health Protection

The recent acts of terrorism increased the Department's attention to medical surveillance, detection, response, and treatment following a nuclear, biological, or chemical event. Renewed emphasis has been placed on

training military healthcare personnel in recognizing symptoms of and refreshing treatment plans for exposure to chemical and biological agents.

A high-level working group from DoD and Health and Human Services is focused on improving defense against chemical and biological terrorism.

Reserve Healthcare

To date, more than 60,000 Reserve and National Guard personnel were called to active duty in response to the September 11 terrorist attacks; all are eligible for the same healthcare and dental benefits as other active duty Service members. For Service members activated for 30 days or more, their family members are also eligible for TRICARE. The recently introduced TRICARE Reserve Family Demonstration Project provides special benefits to Reserve Component families to preserve continuity of care with their existing healthcare providers. In addition, the FY 2002 National Defense Authorization Act provides that reservists who are employed in the federal civil service workforce may have their Federal Employee Health Benefit paid for by their home agency when they are called to active duty for more than 30 days in support of a contingency operation.

Healthcare Delivery

The Military Health System seeks to create a stable business environment by ensuring that military medical facilities are fully funded and able to provide the best clinical and business practices. It is developing a new generation of managed care support contracts that have greater financial predictability, are less cumbersome, create more competition and reduce administrative costs. Equally important, the Department is strengthening relationships with other federal health partners, particularly the Department of Veterans Affairs (VA) and the Centers for Medicare and Medicaid Services.

TRICARE

TRICARE leverages private sector healthcare contracts with the Department's medical assets to ensure the delivery of high quality healthcare. Working in concert with the military departments, other federal

agencies, and beneficiary/constituent organizations, most key elements of the 2001 NDAA expanded healthcare benefits are in place.

One of the most significant provisions of the 2001 NDAA was TRICARE for Life, the extension of TRICARE benefits to military retirees and their family members age 65 and over—almost 1.5 million beneficiaries. As of October 1, 2001, TRICARE covers authorized healthcare costs incurred by dual-eligible, military/Medicare beneficiaries, not paid by Medicare. Beginning April 1, 2001, Medicare-eligible beneficiaries became entitled to the same TRICARE pharmacy benefit as retirees under age 65. This includes prescription medications through the National Mail Order Pharmacy, the TRICARE network, or non-network retail pharmacies. In addition, Active Duty family members enrolled in TRICARE Prime no longer have co-payments for healthcare services, except prescription drugs, point of service charges and fees associated with the Program for Persons with Disabilities. Families residing with TRICARE Prime Remote active duty members will soon be able to enroll in TRICARE Prime Remote themselves.

This expanded coverage has broad support. An increased percentage of the Department of Defense budget will be expended on these healthcare initiatives. The long-term ability of the Department to stabilize these costs will depend on new approaches to providing care within the Department, other federal agencies, and the private sector.